GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:196
ANSWERED ON:24.08.2007
REVIEW OF MONETARY POLICY BY RBI
Singh Shri Ganesh

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has completed its quarterly review of its monetary policy;

(b) if so, whether it has expressed apprehensions about the price rise in its report;

(c) if so, the details thereof;

(d) whether RBI has decided to revise the terms of home loans and auto loans during its review meeting; and

(e) if so, the details alongwith the reasons thereof?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a), (b), (c),(d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A\ (B\ (C). (D) & (E) OF THE LOK SABHA STARRED QUESTION NO. 196 TO BE ANSWERED ON 24 AUGUST, 2007 TABLED BY SHRIGANESH SINGH REGARDING `REVIEW OF MONETARY POLICY BY RBI`.

(a), (b) & (c) : The First Quarter Review of Annual Policy Statement of Monetary Policy for the year 2007-08 was announced by Reserve Bank of India (RBI) on 31st July, 2007. The Review noted the decline in inflation measured by variations in the Whole Sale Price Index (WPI) on a year on year basis from 5.9 percent at end March 2007 to 4.4 percent as on July 14, 2007. The review has also indicated that while there is an abatement of inflation in the recent period, upward pressures persist and it would be necessary to carefully monitor developments relating to aggregate supply conditions and supply responses to demand impulses in the short run and expand production capabilities over the medium term.

(d) & (e): Effective October 18, 1994, the Reserve Bank of India (RBI) has deregulated the interest rates on advances above Rs.2 lakh and these interest rates are determined by the banks themselves with the approval of their Boards.